



India Automotive Market Industry Snapshot

COMMERCIAL SETTING

The automotive industry is one of the most significant and growing sectors of the Indian economy. In 2012, India produced 20 million vehicles, making its passenger car and commercial vehicle manufacturing industry the sixth largest in the world. India's growth is driven by a young population and an expanding middle class with an extremely low rate of motor vehicle ownership. India is ranked 157th in the world in terms of vehicles per capita. Therefore, opportunities in automotive industries will continue to grow, and it is estimated that by 2016 the automotive market will reach the \$145 billion mark. To support and sustain the anticipated growth in the automotive industry, the Government of India (GOI) launched the "Automotive Mission Plan (AMP), 2006-2016." In the plan, the GOI has accorded the highest priority for the automobile and components industry sector.

The AMP envisions that India will emerge as the worldwide destination of choice for the design and manufacture of automobiles and auto components by 2016. The plan also projects the sales revenue of the automotive sector reaching \$122-159 billion by 2016 from \$34 billion in 2006. The GOI allows 100% foreign investment in the automobile and parts industry. The AMP is also a clear sign that the GOI considers the automotive sector to be very significant. U.S. companies could benefit from the unprecedented growth of this industry.

U.S. firms successfully compete in the maturing Indian automotive industry. Main domestic competitors are Tata Motors, Maruti-Suzuki, Mahindra and Mahindra, Eicher Motors, Force, Hindustan Motors, Premier, and Asia Motor Works. Competing non-U.S. brands in the Indian automotive manufacturing market include Hyundai, Suzuki, Mitsubishi, Toyota, BMW, Nissan, Volkswagen, Skoda, Mercedes Benz, Fiat, Renault, and Volvo. As the automotive manufacturing market matures, it is expected that the areas of opportunities for U.S. companies will be in the automotive aftermarket, green technologies and automotive components and accessories. The Indian auto components industry sector has been recording an average annual growth of over 20% in the past few years. According to a McKinsey study, the auto components industry sector has the potential to reach \$40 billion by 2016. Technology-focused products for the original equipment manufacturer segment offer best prospects in the Indian auto components sector. These include gears and components, clutch components, brakes and components, valves, axles, shafts, engine parts, electrical components, suspension, and body building parts. Indian agents and distributors actively seek opportunities to market U.S. technologies in the domestic market.

NEW DELHI

New Delhi is the capital of India, and the seat of the executive, legislative, and judiciary branches of the Government of India. It also serves as the center of the Government of the National Capital Territory of Delhi. New Delhi is situated within the metropolis of Delhi and is one of the eleven districts of Delhi National Capital Territory. The majority of India's car manufacturing industry is based around three clusters to the north, west, and south of New Delhi. Gurgaon and Manesar in Haryana form the northern automotive cluster. The northern automotive cluster located in the National Capital region contributes around 32% of the country's automotive growth. The Society of Indian Automobile Manufacturers and Automotive Component Manufacturers Associations are headquartered in New Delhi.

Pune, MAHARASHTRA

Pune, the State of Maharashtra's second largest city after Mumbai, has been a hub for the engineering industry in India for over five decades. Also known as the Detroit of India, Pune today is one of India's largest auto manufacturing hubs with about 7,000 auto ancillary units in and around Pune. It is home to Tata Motors (developer of the \$2000 car Nano); the world's second largest two-wheeler manufacturer Bajaj Auto; the world's largest forging company, Bharat Forge; and many other leading auto manufacturers, such as Daimler Chrysler, General Motors, John Deere, FIAT, etc. Pune is also home to the Automotive Research Association of India (ARAI), Central Institute of Road Transport (CIRT) and the Vehicle Research and Development Establishment (VRDE). The Pune region has a buzzing auto components industry ranging from innumerable micro to small and medium scale units. The Pune automobile industry landscape includes the 'who's who' of Indian and, increasingly, the leading international automobile industry producers. In 2013, investment inflows of an estimated \$ 6.5 billion were made in Pune in this sector. Simultaneously, approximately \$1.6 billion of investment in the auto ancillary and component manufacturing industry is also expected. While Pune's proximity to Mumbai, accessibility to ports for the entry and exit of raw materials and finished goods, and ease of setting up business have been key drivers of the growth of the auto industry, the large number of institutions of higher learning which support several Industrial Training Institutes have boosted the growth of the auto industry.

CHENNAI, TAMIL NADU

Chennai, formerly known as Madras, is the capital city of the Indian state of Tamil Nadu. Located on the Coromandel Coast off the Bay of Bengal, it is a major commercial, cultural, economic and educational center in South India. The city is base to around 30 percent of India's automobile industry and 40 percent of India's auto components industry. A large number of automotive companies including Hyundai, Renault, Robert Bosch, Nissan Motors, Ashok Leyland, Daimler AG, Caterpillar Inc., Komatsu Limited, Ford, BMW and Mitsubishi have manufacturing plants in Chennai. Chennai accounts for 60% of the country's automotive exports. According to Forbes magazine, Chennai is one of the fastest growing cities in the world and the only Indian city to be rated in the "Forbes-Top 10 Fastest Growing Cities in the World". It is ranked 4th in India for hosting Fortune 500 companies, next only to Mumbai, Delhi and Kolkata.

BUSINESS DEVELOPMENT & SALES

Recognizing the potential in the India automotive market, the U.S. Department of Commerce, U.S. Commercial Service is leading a **Trade Mission to New Delhi, Pune and Chennai India, April 24-30, 2014**. The mission will introduce U.S. firms to India's rapidly expanding automotive market through market briefings, site visits, receptions with key contacts, and an individually customized meeting schedule in each of the three locations. The mission is designed for U.S. providers of aftermarket, auto components, vehicle performance enhancement, automotive care, maintenance, service parts, accessories, testing and garage equipment product and services. Details at export.gov/india/tradeevents/eg_in_066707.asp

LEARN MORE

An [India Automotive Market Briefing \(webinar\)](#) will take place on December 4, 2013 at 11:00 am ET. Hear from U.S. Commercial Service automotive industry specialists based in New Delhi, Chennai and Mumbai on automotive industry trends, local and foreign competition, and business protocols necessary for success in India. Assess the potential for your products/technology in the Indian market. Register at <http://1.usa.gov/1aNJUGR>, or contact kellie.holloway@trade.gov (tel. 503-326-3002).